

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7710

BILL NUMBER: HB 1646

NOTE PREPARED: Jan 13, 2003

BILL AMENDED:

SUBJECT: Enhanced EDGE credits.

FIRST AUTHOR: Rep. Hasler

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED:

**GENERAL
DEDICATED
FEDERAL**

IMPACT: Pending

Summary of Legislation: Allows a county that imposes the county economic development income tax (CEDIT) to adopt the following ordinances to increase the amount of an economic development for a growing economy (EDGE) tax credit received by an eligible taxpayer in the county by authorizing the department of state revenue to retain part of the county's CEDIT revenues to increase the available EDGE credit: (1) An ordinance to provide CEDIT revenues in an amount equal to a specified percentage of the taxpayer's payroll for the county. (2) An ordinance to provide CEDIT revenues in an amount equal to the total tax rate for all local income taxes imposed by the county at the time the ordinance is adopted, multiplied by the taxpayer's payroll for all employees subject to the county's local income taxes. (3) An ordinance authorizing the county to enter into a multicounty agreement in which each nonhost county agrees to provide CEDIT revenues on behalf of its residents who are employees of the taxpayer in an EDGE project in the host county, in an amount equal to the local income taxes imposed by the host county, at the rates in effect at the time the agreement is executed, that would otherwise be withheld by the employer on behalf of those employees if the nonhost taxpayer did not impose one or more local taxes. Provides that a multicounty agreement may provide CEDIT revenues for current or future EDGE projects in the participating counties. Prohibits a county from rescinding the county economic development income tax or decreasing the rate of the tax if the county has adopted an ordinance to increase available EDGE credits. Prohibits a county from adopting an ordinance to increase an EDGE credit with county CEDIT revenues if doing so would impair the county's ability pay outstanding bonds or leases payable from CEDIT revenues. Allows a taxpayer who is awarded an EDGE credit to apply to the development finance authority (IDFA) for a loan in the amount of the total credit amount to be awarded over the term of the credit. Requires the taxpayer to enter into a loan agreement with IDFA before the disbursement of any funds. Provides that IDFA acquires a security interest in the project being financed by the loan. Requires the department of state revenue to annually refund to the taxpayer the difference between the taxpayer's actual state tax liability for the year and the taxpayer's state liability if the taxpayer had claimed the EDGE credit for that year. Requires the taxpayer to remit the amount of the refund to IDFA as a minimum annual repayment of the loan amount. Provides that if the total refunds remitted to IDFA at the end of the loan term, plus any additional payments by the taxpayer, are less than the outstanding balance of the loan, IDFA may require the taxpayer to pay the full amount of the unpaid balance.

Effective Date: July 1, 2003.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.*

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869